

1 SENATE BILL NO. 313

2 INTRODUCED BY F. THOMAS, SLITER, BECK, ELLIOTT, GROSFIELD, LAWSON, LEHMAN, MANGAN,
3 MASOLO, MOOD, OLSON, RIPLEY, RYAN, SHEA, TESTER, WOLERY

4
5 A BILL FOR AN ACT ENTITLED: "~~AN ACT TRANSFERRING THE REMAINING BALANCE OF FUNDS IN THE~~
6 ~~UNIVERSAL SERVICE FUND TO THE TECHNOLOGY ACQUISITION AND DEPRECIATION FUND;~~
7 AUTHORIZING A DISTRICT TO ~~EXPEND MONEY FOR DEPRECIATION~~ DEPRECIATE TECHNOLOGICAL
8 EQUIPMENT AS AN AUTHORIZED USE OF THE TECHNOLOGY ACQUISITION AND DEPRECIATION FUND;
9 REQUIRING VOTER APPROVAL FOR A LEVY TO INCREASE THE DISTRICT'S FUNDS TO SUPPORT
10 TECHNOLOGY; ~~ACCELERATING THE TERMINATION DATE OF THE UNIVERSAL SERVICE FUND FOR~~
11 ~~TELECOMMUNICATIONS;~~ AMENDING SECTIONS 20-9-375 AND 20-9-533 ~~AND 69-3-845~~, MCA;
12 ~~SECTION 41, CHAPTER 349, LAWS OF 1997, AND SECTIONS 4 AND 6, CHAPTER 187, LAWS OF 1999;~~
13 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16
17 **SECTION 1.** SECTION 20-9-375, MCA, IS AMENDED TO READ:

18 **"20-9-375. Aid for technology acquisition, textbooks, library materials, and building maintenance.**

19 (1) The superintendent of public instruction shall allocate the amount appropriated for technology
20 acquisition and depreciation, textbooks, library materials, and building maintenance to each district based
21 on the per-ANB of the district.

22 (2) The district may deposit the funds received under this section in the miscellaneous programs
23 fund authorized in 20-9-507 or the technology acquisition and depreciation fund authorized in 20-9-533.
24 Any portion of the funds deposited in the miscellaneous programs fund must be restricted for textbooks,
25 library materials, and building maintenance. Any portion of the funds deposited in the technology
26 acquisition and depreciation fund must be used consistent with the requirements of 20-9-533."

27
28 **Section 2.** Section 20-9-533, MCA, is amended to read:

29 **"20-9-533. Technology acquisition and depreciation fund -- limitations.** (1) The trustees of a
30 district may establish a technology acquisition and depreciation fund for school district expenditures

1 incurred AND DEPRECIATION ACCRUED for:

2 (a) the purchase, rental, repair, ~~and~~ maintenance, and depreciation of technological equipment,
3 including computers and computer network access; and

4 (b) associated technical training for school district personnel.

5 (2) ANY EXPENDITURES FROM THE TECHNOLOGY ACQUISITION AND DEPRECIATION FUND MUST BE MADE IN
6 ACCORDANCE WITH THE FINANCIAL ADMINISTRATION REQUIREMENTS FOR A BUDGETED FUND PURSUANT TO THIS TITLE.

7 The trustees of a district shall fund the technology acquisition and depreciation fund with:

8 (a) the state money received under 20-9-534; ~~and with~~

9 (b) other local, state, private, and federal funds received for the purpose of funding technology
10 or technology-associated training.

11 (3) IN DEPRECIATING THE TECHNOLOGICAL EQUIPMENT OF A SCHOOL DISTRICT, THE TRUSTEES MAY INCLUDE IN
12 THE DISTRICT'S BUDGET, CONTINGENT UPON VOTER APPROVAL OF A LEVY UNDER SUBSECTION (6) AND PURSUANT TO THE
13 SCHOOL BUDGETING REQUIREMENTS OF THIS TITLE, AN AMOUNT EACH FISCAL YEAR THAT DOES NOT EXCEED 20% OF THE
14 ORIGINAL COST OF ANY TECHNOLOGICAL EQUIPMENT, INCLUDING COMPUTERS AND COMPUTER NETWORK ACCESS, THAT
15 IS OWNED BY THE DISTRICT. THE AMOUNT BUDGETED MAY NOT, OVER TIME, EXCEED 150% OF THE ORIGINAL COST OF
16 THE EQUIPMENT.

17 (4) THE ANNUAL REVENUE REQUIREMENT FOR EACH DISTRICT'S TECHNOLOGY ACQUISITION AND DEPRECIATION
18 FUND DETERMINED WITHIN THE LIMITATIONS OF THIS SECTION MUST BE REPORTED BY THE COUNTY SUPERINTENDENT OF
19 SCHOOLS TO THE BOARD OF COUNTY COMMISSIONERS ON THE FOURTH MONDAY OF AUGUST AS THE TECHNOLOGY
20 ACQUISITION AND DEPRECIATION FUND LEVY REQUIREMENT FOR THAT DISTRICT, AND SUBJECT TO ~~15-10-420~~, A LEVY
21 MUST BE MADE BY THE COUNTY COMMISSIONERS IN ACCORDANCE WITH 20-9-142.

22 (5) ANY EXPENDITURE OF TECHNOLOGY ACQUISITION AND DEPRECIATION FUND MONEY MUST BE WITHIN THE
23 LIMITATIONS OF THE DISTRICT'S FINAL TECHNOLOGY ACQUISITION AND DEPRECIATION FUND BUDGET AND THE SCHOOL
24 FINANCIAL ADMINISTRATION PROVISIONS OF THIS TITLE.

25 (3)(6) In addition to the funds received pursuant to subsection (2) ~~AND THE AMOUNT LEVIED PURSUANT~~
26 ~~TO SUBSECTION (4)~~, the trustees of a school district may submit a proposition to the qualified electors of the
27 district to approve AN additional funds considered necessary by the trustees to support expenditures LEVY
28 TO FUND THE DEPRECIATION OF TECHNOLOGICAL EQUIPMENT authorized under this section. The election must be
29 called and conducted in the manner prescribed by this title for school elections. The ballot for a proposition
30 must provide for and against provisions stating whether the trustees are authorized to impose a levy of

1 ~~(state the approximate number of mills and dollars)~~ DOLLARS AND (STATE THE APPROXIMATE NUMBER OF MILLS)
 2 ~~mills and dollars to fund technology~~ THE DEPRECIATION OF TECHNOLOGICAL EQUIPMENT in the school district.
 3 ~~(4)(7)~~ The technology proposition is approved if a majority of those electors voting at the election
 4 approve the levy. ~~Upon approval by the electors, any additional levy increasing the amount approved by~~
 5 ~~the electors is subject to the provisions of 15-10-420.~~ NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE
 6 LEVY UNDER SUBSECTION (6) IS SUBJECT TO 15-10-420.

7 ~~(3)(5)(8)~~ The trustees of a district may not use revenue in the technology acquisition AND
 8 DEPRECIATION fund to finance contributions to the teachers' retirement system, the public employees'
 9 retirement system, or the federal social security system or for unemployment compensation insurance."
 10

11 ~~Section 2.~~ Section 69-3-845, MCA, is amended to read:

12 ~~"69-3-845. (Temporary) Distributions from fund -- calculation of costs.~~ (1) Subject to the
 13 requirements of this section, payments from the fund must be made from collected contributions by the
 14 fiscal agent to qualifying eligible telecommunications carriers, on a monthly basis, pursuant to rules
 15 adopted by the commission.

16 ~~(2) Only eligible telecommunications carriers that offer the telecommunications services described~~
 17 ~~in 69-3-842(1) to all customers in a designated support area and that advertise the availability of the~~
 18 ~~telecommunications services and the charges for the telecommunications services using media of general~~
 19 ~~distribution may receive support from the fund for the designated support area.~~

20 ~~(3) Distributions must be calculated for the designated support areas established by the~~
 21 ~~commission. In the case of an area served by a rural telephone company, the term "designated support~~
 22 ~~area" means the rural telephone company's Montana service area unless the rural telephone company~~
 23 ~~voluntarily adopts a proxy model for the calculation of the rural telephone company's cost of~~
 24 ~~telecommunications services under subsection (6). After adoption of a proxy model, the rural telephone~~
 25 ~~company's designated support area must be an area designated by the commission, which may be smaller~~
 26 ~~than a wire center. The term designated support area for all other telecommunications carriers means a~~
 27 ~~geographic area as established by the commission, which must be smaller than a wire center.~~

28 ~~(4) Support for the services listed in 69-3-842(1) must be calculated as the difference between~~
 29 ~~the costs determined in each designated support area and the affordability benchmark in that support area.~~
 30 ~~The commission shall adopt rules to determine affordability benchmarks.~~

1 ~~———(5) Except as provided in subsection (6), for rural telephone companies and other eligible~~
2 ~~telecommunications carriers offering services in a designated support area served by a rural telephone~~
3 ~~company, the average cost for each line must be calculated and submitted, based on the preceding~~
4 ~~calendar year, to the fiscal agent as follows:~~

5 ~~———(a) If an additional eligible telecommunications carrier has not been designated pursuant to~~
6 ~~69-3-840(3), the rural telephone company's total unseparated loop cost, as defined by federal separation~~
7 ~~rule methodology in effect on December 31, 1996, must be added to the switching costs, local transport~~
8 ~~costs, and customer operations costs assigned to the telecommunications services set forth in~~
9 ~~69-3-842(1), which must be calculated using the methodology set forth in federal communications~~
10 ~~commission jurisdictional separation rules in effect as of December 31 of each calendar year. This total~~
11 ~~cost must be reduced by any federal universal service support, interstate allocation of loop costs, and loop~~
12 ~~costs recovered through intrastate telecommunications carrier common line charges to long-distance~~
13 ~~companies.~~

14 ~~———(b) Upon the designation of an additional eligible telecommunications carrier pursuant to~~
15 ~~69-3-840(3) in a designated support area served by a rural telephone company, the additional eligible~~
16 ~~telecommunications carrier has access to the fund on the same basis as the rural telephone company.~~
17 ~~Upon the designation of the additional eligible telecommunications carrier, both the carrier and the rural~~
18 ~~telephone company must receive distributions from the fund based upon the rural telephone company's~~
19 ~~average cost for each line disaggregated to geographic areas smaller than a wire center. The support for~~
20 ~~each line for each geographic area must be based upon the rural telephone company's costs, as determined~~
21 ~~in subsection (5)(a), distributed to each of the geographic areas on the basis of relative distribution factors~~
22 ~~established by a cost proxy model adopted by the commission.~~

23 ~~———(6) Except as provided in subsection (5)(b), for companies that are not rural telephone companies~~
24 ~~and for rural telephone companies voluntarily electing to use a cost proxy model, the average cost for each~~
25 ~~line in designated support areas must be calculated based on the cost proxy model adopted by the~~
26 ~~commission. This total per-line cost must be reduced by any federal universal service support, interstate~~
27 ~~allocation of loop costs, and loop costs recovered through intrastate telecommunications carrier common~~
28 ~~line charges to long-distance companies.~~

29 ~~———(7) In determining any proxy mechanism under this section, the commission shall use a model that:~~

30 ~~———(a) targets support to a geographic area smaller than a wire center;~~

1 ~~—— (b) uses acceptable outside plant design and costing principles;~~
 2 ~~—— (c) uses reasonable switch design and costing principles;~~
 3 ~~—— (d) includes a reasonable share of the joint and common costs of the telecommunications carrier;~~
 4 ~~—— (e) meets standards for documenting model logic and the sources of cost data input; and~~
 5 ~~—— (f) meets reasonableness tests to ensure that model outputs are representative of costs that can~~
 6 ~~be reasonably expected in the construction of a network and that the network is capable of providing~~
 7 ~~telecommunications services that meet the telecommunications services quality standards of the~~
 8 ~~commission and federal regulators.~~

9 ~~—— (8) An eligible telecommunications carrier providing telecommunications services through resale~~
 10 ~~of another telecommunications carrier's telecommunications services or facilities may not receive support~~
 11 ~~for those telecommunications services or facilities if the rates charged to an eligible telecommunications~~
 12 ~~carrier by the other telecommunications carrier have been reduced by a contribution from universal service~~
 13 ~~funds under this section.~~

14 ~~—— (9) Costs of administering the fund must be paid from the fund.~~

15 ~~—— (10) The balance of funds remaining in the universal service fund established pursuant to 69-3-842~~
 16 ~~must be allocated to the office of public instruction for distribution to districts that establish a technology~~
 17 ~~acquisition and depreciation fund under 20-9-533. (Terminates December 31, 2001--sec. 6, Ch. 187, L.~~
 18 ~~1999.)"~~

19

20 ~~—— **Section 3.** Section 41, Chapter 349, Laws of 1997, is amended to read:~~

21 ~~"**Section 41. Termination.** [Sections 11 through 15] terminate December 31, 1999 July 1, 2001."~~

22

23 ~~—— **Section 4.** Section 4, Chapter 187, Laws of 1999, is amended to read:~~

24 ~~"**Section 4.** Section 41, Chapter 349, Laws of 1997, is amended to read:~~

25 ~~—— "**Section 41. Termination.** [Sections 11 through 15] terminate December 31, 1999 2001 July~~
 26 ~~1, 2001."~~

27

28 ~~—— **Section 5.** Section 6, Chapter 187, Laws of 1999, is amended to read:~~

29 ~~"**Section 6. Termination.** [This act] terminates December 31, 2001 July 1, 2001."~~

30

1 NEW SECTION. SECTION 3. COORDINATION INSTRUCTION. IF HOUSE BILL NO. 179 IS PASSED AND
2 APPROVED, THEN [SECTION 2(6) OF THIS ACT] MUST READ AS FOLLOWS:

3 "(6) In addition to the funds received pursuant to subsection (2) ~~and the amount levied pursuant~~
4 ~~to subsection (4)~~, the trustees of a school district may submit a proposition to the qualified electors of the
5 district to approve an additional levy to fund the depreciation of technological equipment authorized under
6 this section. The election must be called and conducted in the manner prescribed by this title for school
7 elections and in the manner prescribed by [section 1 of House Bill No. 179]. ~~The ballot for a proposition~~
8 ~~must provide for and against provisions stating whether the trustees are authorized to impose a levy of~~
9 ~~(state the approximate number of mills and dollars) dollars and (state the approximate number of mills)~~
10 ~~mills and dollars to fund the depreciation of technological equipment in the school district."~~

11

12 NEW SECTION. Section 4. Effective date -- applicability. [This act] is effective on passage and
13 approval and applies to school budgets for school fiscal years beginning on or after July 1, 2001.

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